

ID: CCA_2010031812222947

Number: **201016065**

Release Date: 4/23/2010

Office:

UILC: 6601.00-00

From:

Sent: Thursday, March 18, 2010 12:22:30 PM

To:

Cc:

Subject: RE: Transferee interest;

We apologize for the delay in our response.

In Estate of Stein v. Commissioner, 37 T. C. 945, the Tax Court held that section 6601 interest applied from the date the Commissioner issued a notice of transferee liability, but that state law determined the liability for and applicable rate of interest from the date of transfer to the date of the notice in limited liability situations. In so holding, the Tax Court followed Patterson v. Sims, 281 F.2d 577. In Patterson, the Service had argued that the transferee was liable for interest from the date of the transfer, while the transferee argued that he was not liable for post-transfer interest. The court held that the transferee was liable for interest from the date of the issuance of the notice of transferee liability. The Service follows the rule stated in Estate of Stein and in Patterson. See IRM 8.7.5.6.2(4)a &d; 4.10.13.3.5.1(2)

If the Service does not issue a notice a transferee liability because of a settlement or like reason, we agree that the transferee would not be liable for interest under section 6601 until notice of assessment and notice of demand for payment. Interest prior to that time would be determined by state law.

[REDACTED]